



Republic of the Philippines  
 Province of Ilocos Sur  
**MUNICIPALITY OF NARVACAN**

**OFFICE OF THE SANGGUNIANG BAYAN 2019-2022**

Vice Mayor/Presiding Officer:

**HON. PABLITO V. SANIDAD, SR.**

Sangguniang Bayan Members:

**HON. EDNA C. SANIDAD**

**HON. JOSEPH A. TEJADA**

**HON. JOVENNIANO B. AMPO, JR.**

**HON. CHARITO C. VILORIA**

**HON. BERNADETTE C. LIM**

**HON. LORETO C. CABALLES**

**HON. EMILIANO C. CLARIN**

**HON. REINA ALEXA V. ANTOLIN**

ABC President:

**HON. ROMULO C. REA**

SK Federated President:

**HON. JOEMAR GREY A. CABICO**

Attested:  
  
**MAKIBEL C. CORRALES**  
 SB Secretary

Approved:

**HON. LUIS "CHAVIT" C. SINGSON**  
 Municipal Mayor

EXCERPTS FROM THE MINUTES OF THE SIXTH REGULAR SESSION OF THE SANGGUNIANG BAYAN OF NARVACAN, ILOCOS SUR HELD ON AUGUST 19, 2019 AT THE MUNICIPAL SESSION HALL

**RESOLUTION NO. 19-SS**  
**Series of 2019**

**RESOLUTION AUTHORIZING THE MUNICIPAL MAYOR LUIS C. SINGSON OR THE MUNICIPAL ADMINISTRATOR TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH THE ILOCOS CONSOLIDATED COOPERATIVE BANK (ICCB) IN CONNECTION WITH THE GRANT AND IMPLEMENTATION OF THE BANK'S LIVELIHOOD (SALARY) LOAN PROGRAM TO QUALIFIED PERMANENT EMPLOYEES AND ELECTED OFFICIALS OF THE MUNICIPALITY**

**WHEREAS**, from time to time, there arises the need for cash of the permanent employees and elected officials of the Local Government Unit of Narvacan to meet the emergency requirement for business, education, hospitalization and such other purposes and this is often accessible only from sources at very high interest rates;

**WHEREAS**, the Ilocos Consolidated Cooperative Bank offers Livelihood (Salary) Loan available to qualified permanent employees and elected officials of the Municipality of Narvacan, Ilocos sur;

**WHEREAS**, the loan shall be paid in equal monthly amortizations via debit against employee-borrower's ATM payroll account;

**WHEREAS**, automatic debit from borrower's Landbank ATM payroll deposit account shall commence on the payroll date immediately succeeding the month the loan was released;

**WHEREAS**, the implementation of the Ilocos Consolidated Cooperative Bank (ICCB) livelihood (Salary) loan shall redound to the benefit and welfare of the permanent employees and elected officials of the municipal government;

**NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED** to authorize the **Municipal Mayor Luis C. Singson or the Municipal Administrator** to enter into a Memorandum of Agreement with the Land Bank of the Philippines in connection with the grant and implementation of the Ilocos Consolidated Cooperative Bank (ICCB) livelihood (Salary) Loan Program to qualified permanent employees and elected officials of the municipality;

**RESOLVED FURTHER** to authorize the **Municipal Mayor Luis C. Singson or the Municipal Administrator** to endorse and sign all necessary supporting documents to be submitted by the employee-borrower and to cause the automatic deduction of amortizations to the Ilocos Consolidated Cooperative Bank (ICCB);

**RESOLVED FINALLY** that a copy of this Resolution be forwarded to the Ilocos Consolidated Cooperative Bank (ICCB) to comply with their requirements for accreditation, information and record.

**PASSED AND APPROVED.**

## MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement made and entered into by:

**ILOCOS CONSOLIDATED COOPERATIVE BANK**, a banking institution duly organized and existing under the laws of the Republic of the Philippines herein represented by **Mr. Ronaldo C. Bitania**, Branch Manager, with principal office at Bagani Campo, Candon City, Ilocos Sur hereinafter referred to as the BANK;

and

**The Local Government Unit of Narvacan, Ilocos Sur** with principal office at **Sta. Lucia, Narvacan, Ilocos Sur** herein represented by **Hon. Luis "Chavit" Singson Municipal Mayor** hereinafter referred to as the LGU;

WITNESSETH That

WHEREAS, the LGU requested the BANK to extend its SALARY LOAN FACILITY to the LGU's Employees;

WHEREAS, the BANK has agreed to the LGU's request subject to such terms and conditions as may be mutually be agreed upon;

NOW THEREFORE, for and in consideration of the foregoing and of mutual covenants and stipulations hereinafter set forth by the parties, hereby mutually agree as follows:

### 1. ELIGIBILITY

#### AGENCY

##### A. Qualifications

- A.1 AGENCY has been operating profitably for the past 2 years
- A.2 Must be willing to guarantee the salary deduction of the availing Employees per Approval of the Bank
- A.3 Must be willing to provide employment status information for all Employee Applicants to the Bank

#### INDIVIDUAL BORROWER

- A. Must be a regular/permanent/ Employee of the AGENCY and has been in its service for at least One (1) year/s continuously;
- B. Must have no pending administrative/Criminal case filed against him/her;
- C. Must have no pending application for retirement or must not be due for retirement within the duration of the loan term proposed;
- D. Must be up-to-date in payments of any existing loans subject to Bank validation;
- E. Must have a Monthly Net Take Home Pay of at least P3,000.00 after considering all statutory deductions and amortizations of all existing loans, including the salary applied for, and;
- F. Must have at least 2 co-makers who are employed in the same institution with at least equal rank/salary grade or higher and whose Monthly Net Take Home Pay is at least P3,000.00 and has only been a co-maker twice to applicants to the Bank inclusive of the principal applicant in question under this Loan Facility.
- G. Other eligibility requirements as may be imposed by the AGENCY to its Employees who shall want to avail of this Salary Loan Facility.

### 2. LOAN PARAMETERS

- A. Loan Amount- Qualified Employees may avail of the loan facility based on the salary scale provided by the Bank.
- B. Manner of Release. The loan shall be released in lumpsum less service fees, insurances, Deposits or any outstanding facility with the Bank head office/Branch.
- C. Terms /Repayments.
  - 1. The salary loan shall have the following acceptable terms:  
Six (6) months minimum to Sixty (60) months maximum.
  - 2. The loan shall be paid in equal semi-monthly or monthly amortizations which shall be deducted from the employee's salary by \_\_\_\_\_ Cashier/Treasurer/payroll Officer and remitted to the Bank Three (3) days after payroll date.
  - 3. Salary deductions shall commence on the payroll date immediately succeeding the month the loan was released.
  - 4. Loan re-availments shall be allowed provided the borrower has completed at least Three (3) months at the option of the borrower provided further that the co-maker/s shall continue as co-maker/s of the loan or new sets of co-maker/s are approved and qualified under the existing bank parameters.

5. Shall not grant re-availments to individual employees of the above agency if there is unremitted or delayed remittance of monthly collections

### **3. INTEREST RATES**

- A. The interest rate shall be fixed 15% per annum diminishing balance per month add-on for the term of the loan to be adjusted upon full payment of the loan.
- B. Other fees:
  1. Insurance on the loan based on the Principal loan plus uncollected interest as may be charged by the insurance company and shall apply for the entire term and will be deducted from the loan proceeds;
  2. Documentary stamps as may be imposed under existing tax laws and regulations.
  3. Processing Fee of 3% of the approved loan amount for new loan and 3% for the succeeding availments.

### **4. COLLATERAL/SECURITIES**

- A. Assignment of Salaries, allowances, bonuses, retirement benefits, separation/gratuity pays, monetary value of accumulated leave credits and other monies or benefits to the Bank;
- B. **PAST DUES**
  - A. An account shall be considered past due if the borrower fails to pay his/her semi-monthly/monthly amortization on due date.
  - B. A penalty fee of 1% per month shall be imposed on the past due amount from due date up to the date of actual payment.
  - C. The granting of salary loans to Employees of the Agency shall be temporarily suspended upon the discretion of the Bank when the salary loan past due level vs. total loan outstanding in the Agency reaches a Bank threshold rate and shall only be resumed when the past due accounts become current.

### **5. COVENANT OF THE PARTIES**

- A. The Agency shall:
  1. Certify through its Human Resource/Personnel Department that the Borrower and co-maker/s are qualified to avail of the salary loan facility;
  2. Collect or cause the collection of the installments/amortizations due on the loans of their Employee/Borrower's through payroll deduction to commence on the payroll date immediately succeeding the date of the loan was released;
  4. Remit to the Bank after the payroll date the Employee/Borrower's payments Made out of the payroll deduction arrangements;
  5. Notify the Bank within seven (7) calendar days when an employee/Borrower and/or his/her-co-maker/s are transferred, terminated, separated or retired from service of the Agency;
  6. In case of transfer of assignment of an Employee/Borrower, Agency shall instruct the Disbursing Officer/Cashier of the Agency work station to deduct the appropriate amortization due from the Employee/borrower's salary and remit the same to the Bank after the payroll date to the Servicing Bank Branch in the area where the employee/Borrower account was transferred.
  7. In Case of termination/separation/retirement of the Employee/Borrower, Agency shall require the employee a written clearance from the Bank and withhold the corresponding amount due to the Bank from all monies, bonuses, retirement and other benefits accruing to the Employee/Borrower and remit the same amount collected to the Bank within Thirty (30) calendar days from notice. If the amount collected is insufficient to pay the loan, the Agency shall collect from the co-maker/s the amount required to cover the outstanding balance of the loan;
  8. Continue the payroll deduction from the Employee/Borrower until the agency receives a written NOTICE from the Bank of the full settlement of the employee/borrower's obligation;
  9. Comply with pertinent terms and conditions.

### **B. The Bank Shall:**

1. Provide salary loans to employees subject to the Bank's implementing guidelines;
2. Provide the Employee/Borrower a copy of the loan documents signed by the employee/borrower authorizing the Agency to deduct from his/her salary the bi-monthly/monthly amortization due;
3. Provide the Agency a list of approved salary loan applications the Program including the loan amount, date of release and amortization schedule on a monthly basis.

### **C. Amendment to the covenant**

1. The local government unit of Narvacan does not act as a guarantor, warrantor, insurer or surety of the loans or debts of any employee, whether regular/permanent.

### **6. OTHER CONDITIONS**

- A. **Annual Review.** The salary loan Facility shall be subject to the Banks' annual review and all availments/drawdowns under this facility shall be subject to availability of funds;

C. Supplement and Amendments. At any time and from time to time, the parties hereto may execute supplements hereto for the purpose of adding provisions or changing or eliminating provisions of this Agreement as may be mutually be agreed upon.

**7. EFFECTIVITY**

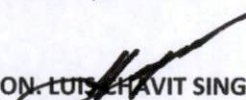
This Agreement shall be effective from date of the execution hereof and shall remain in full force and effect unless terminated by any of the parties hereto upon thirty (30) days prior written notice to the other, provided however, that this agreement shall continue to be in full force and effect with respect to the obligations of the Borrower/s and/or co-maker/s hereunder, as long as there are still outstanding unpaid loans under this Program.

IN WITNESS WHEREOF, the parties through their respective representatives have hereunto signed this Agreement this \_\_\_\_ day of \_\_\_\_\_, 2019 at \_\_\_\_\_.


**ILOCOS CONSOLIDATED COOPERATIVE BANK**  
Candon City, Ilocos Sur

**LOCAL GOVERNMENT OF NARVACAN**  
Narvacan, Ilocos Sur

By: \_\_\_\_\_  
**RONALDO BITANIA**  
Branch Manager

By:   
**HON. LUIS CHAVIT SINGSON**  
Municipal Mayor

**SIGNED IN THE PRESENCE OF**

  
\_\_\_\_\_  
**RUSSEL R. HERMOSURA**

\_\_\_\_\_

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)  
Province of Ilocos Sur )S.S.  
City of Candon )

At the above stated place, on the \_\_\_\_ day of \_\_\_\_\_, 2019 before me personally appeared:

Name	Type/ID No.	Date/Expiry date
<u>Ronaldo Bitania</u>	_____	_____
Luis Chavit Singson	_____	_____

Known to me to be the same person/s who executed the foregoing instrument and he/she acknowledged the same to be their free and voluntary act and deed as well as those of the corporation and instrumentality of the Government herein represented.

Said instruments refers to a MEMORANDUM OF AGREEMENT consist of 3 pages including the page whereon the Acknowledgement is written, signed by the parties and their witnesses on the signature page hereof and initiated on the other pages and sealed with my notaries seal.

**Notary Public**

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book Nos. \_\_\_\_\_;  
Series of 2019